

Message Text

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21

ACTION NEA-10

INFO OCT-01 EUR-12 ISO-00 PM-04 NSC-05 SP-02 SS-15 CIAE-00

INR-07 NSAE-00 EB-07 COME-00 TRSE-00 OMB-01 DOTE-00

/064 W

----- 056282

R 041205Z FEB 76

FM AMEMBASSY TEHRAN

TO SECSTATE WASHDC 5447

INFO AMCONSUL ADANA

AMEMBASSY ANKARA

AMEMBASSY BERN

AMEMBASSY BONN

AMEMBASSY DAMSCUS

AMCONSUL ISTANBUL

AMCONSUL IZMIR

AMEMBASSY LONDON

AMEMBASSY SOFIA

AMCONSUL TABRIZ

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E.O. 11652: NA

TAGS: ETRD, ELTN, TU, IR

SUBJ: TURKISH ROAD TRANSIT FEES AND IRANIAN-TURKISH
ECONOMIC RELATIONS

REF: TEHRAN 00187, ANKARA 0327, ANKARA 0498, ANKARA 0648

1. SUMMARY: CONFUSION STILL CHARACTERIZES UNDERSTANDING HERE
CONCERNING STATUS OF RECENT TURKISH ROAD TRANSIT DECREE SUBJECT
REF MESSAGES. ALL THREE TRANSPORT COMPANIES CONTACTED HAVE HEARD
OF A PROPOSED GOI/GOT BILATERAL EXCHANGE, MENTIONED IN REF C
WHICH WILL GIVE IRANIAN TRUCKS THE PREFERENTIAL 25 KURUS PER TON
RATE BUT ARE STILL PAYING THE 40 KURUS RATE. MINISTRY OF
ECONOMIC AFFAIRS AND FINANCE(MEAF) OFFICIAL WHO ATTENDED
JANUARY 28 MEETING OF RCD AT LAHORE SAYS THAT THE RESPECTIVE
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FOREIGN MINISTERS AGREED TO AN EXCHANGE OF LETTERS WHICH GOT

WOULD ACCEPT AS A TEMPORARY INSTRUMENT ADEQUATE FOR GRANTING PREFERENTIAL 25 KURUS RATE, BUT NEITHER HE NOR ECON COUNSELOR KAYALIBAY OF TURKISH EMBASSY TEHRAN KNEW AS OF FEB. 2 WHAT HAD OCCURRED SUBSEQUENT TO LAHORE. KAYALIBAY'S UNDERSTANDING IS THAT GOI TRANSIT FEE DECREE HAS NOT AND WILL NOT BE MODIFIED. ALL TRANSIT BILATERALS WITH TURKEY WILL EXPIRE BY JUNE 1, 1976. ALL BILATERALS CONTAIN A PROVISION GUARANTEEING NO-FEE TRANSIT RIGHTS BUT GOI WILL REQUIRE THAT NEW TRANSIT BILATERALS CONTAIN PROVISION ACCEPTING THE CONDITIONS OF THE RECENT GOI DECREE. THOSE ACCEPTING WILL PAY THE 25 KURUS RATE; OTHERS THE 40 KURUS RATE. END SUMMARY.

2. OF THREE TRANSPORT FIRMS CONTACTED, TWO ARE ACCEPTING FREIGHT FOR TRANSIT THROUGH TURKEY AND ONE IS ACCEPTING ONLY EAST-BOUND FREIGHT. ALL REPORTED STILL PAYING THE HIGHER TURKISH 40 KURUS PER TON PER KM. TRANSIT TAX. THEY REPORTED THAT ONLY IRAN, GERMANY(FRG) AND SWITZERLAND ARE PAYING THIS HIGHER RATE, SINCE NONE HAVE TRANSIT AGREEMENTS WITH TURKEY. THEY HAD HEARD THAT IRAN AND TURKEY WERE SUPPOSED TO HAVE AGREED AT THE JAN. 28 RCD MEETING AT LAHORE TO EXCHANGE LETTERS WHICH WOULD OBTAIN FOR IRAN THE 25 KURUS PREFERENTIAL RATE.

3. A BRITISH EMBASSY OFFICER SAID UK TRANSPORT IS BEING ACCORDED THE PREFERENTIAL 25 KURUS RATE ON THE BASIS OF A 1968 BILATERAL TAX AGREEMENT WHICH THE GOT IS ACCEPTING IN LIEU OF A SPECIFIC TRANSIT AGREEMENT. A GERMAN(FRG) EMBASSY OFFICER CONFIRMED THAT THE 40 KURUS RATE IS BEING ASSESSED ON GERMAN TRUCKS BUT HE UNDERSTOOD IT WAS NOT BEING PAID.

4. A CALL BY EMBOFF ON TURKISH ECONOMIC COUNSELOR(AND EX-DEPUTY SECRETARY GENERAL OF RCD) ERTEN KAYALIBAY RESULTED IN AN HOUR AND ONE-HALF BRIEFING OF TURKISH-IRAN TRANSIT RELATIONS, MUCH OF WHICH, HE SAID, WAS CONDUCTED THROUGH RCD OFFICES. HIS CHRONOLOGY VARIES SOMEWHAT BUT ADDS TO THE PROVIDED IN REF TEHRAN 00187, AND ANKAR 0327. IN SUMMARY, HE SAID:

-- IN 1973, BEFORE THE EXPIRATION OF THE TRANSIT TRADE AGREEMENT WITH IRAN, TURKEY ADVISED IRAN IT DID NOT WANT TO EXTEND THE AGREEMENT;

--IN 1973, BEFORE THE OPEC OIL PRICE INCREASE, THE TURKISH LIMITED OFFICIAL USE

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PARLIAMENT ENACTED A LAW SUBJECTING INTERNATIONAL TRADE TRANSIT(INCLUDING TURKISH TIR LICENSED TRUCK) TO A TRANSIT TAX OF 15 KURUS PER TON PER KM. THE LAW MADE NO PROVISION FOR PREFERENTIAL RATES OR EXCEPTIONS.

-- IRAN PROTESTED, SAYING IT COULD NOT AFFORD THE RATE AND OBTAINED A REDUCED TAX, IN THE CONTEXT OF THE RCD RELATIONSHIP, OF 9 KURUS BY AN EXCHANGE OF LETTERS WHICH WAS RECOGNIZED BY A GOT DECREE. THE GOT VIEWED THIS CONCESSION AS A

ONE YEAR TEMPORARY MEASURE AND THE EXCHANGE OF LETTERS ENVISAGED TO NEGOTIATIONS FOR A TRANSIT AGREEMENT, NEGOTIATIONS WHICH HAVENOT YET OCCURRED. (NOTE:KAYALIBAY SAID THE TURKISH PRESS IS CURRENTLY CRITICIZING THIS 1973 CONCESSION ON GROUNDS THAT A DECREE LOWERING A TAX CANNOT SUPERCEDE A LAW.)

--IN 1974 GOI APPROACHED GOT AND SAID IT WANTED TO INCREASE ITS IMPORTS THROUGH TURKEY BY ROAD AND RAILROAD. GOT AGREED AND SAID IT WOULD INCLUDE PROVISIONS FOR TRANSPORT IMPORVEMENT IN ITS NEXT TWO FIVE-YEAR PLANS, I.E., IT WOULD TAKE TEN YEARS TO ACHIEVE WHAT GOI WANTED. GOI RESPONDED THAT IT HAD THE FUNDS TO EXTEND CREDITS TO GOT IN ORDER TO COMPLETE THE MORE ESSENTIAL WORK WITHIN 12 MONTHS. GOT AGREED TO COOPERATE BUT SAID THE 15 KURUS TAX WOULD STILL APPLY.

--FROM THIS 1973 EXCHANGE OF LETTERS TO THE OCTOBER 17,1975, SIGNING OF A BILATERAL PROTOCOL, TURKEY FREQUENTLY REMINDED THE GOI TO NEGOTIATE A TRANSIT AGREEMENT.

--THE PROTOCOL SIGNED IN ANKARA BY GOI MINISTER ANSARY OCTOBER17, 1975,(75 ANKARA 7916 AND 75 TEHRAN 10436) CALLED FOR IRANIAN CREDITS TOTTALLING \$1.2 BILLION, \$600 MILLION OF WHICH WERE RELATED TO FOUR TRANSPORT IMPROVEMENT PROJECTS IN TURKEY. THE GOI INSISTED ON RECORDING ITS POSITION ON TURKISH TRANSIT IN THE OCTOBER PROTOCOL SINCE IT WANTED THE ISSUES OF GOI ASSISTANCE AND A TRANSIT ARRANGEMENT LINKED. GOT TOOK THE POSITION THAT A PROTOCOL WAS AN INAPPROPRIATE INSTRUMENT FOR STATING A POSITION BUT VERBALLY INFORMED MINISTER ANSARY THAT THE REDUCED TRANSIT TAX OF 9 KURUS WOULD NOT CONTINUE.

--THE GOT ROAD TRANSIT TAX DECREE OF DECEMBER 15,1975, WAS CIRCULATED TO ALL DIPLOMATIC MISSIONS IN ANKARA AND THE COVERING NOTED SAID THAT FOREIGN USERS WHOSE AGREEMENTS WERE ABOUT TO EXPIRE COULD OBTAIN THE PREFERENTIAL TAX(I.E. 25 KURUS) UNDER NEW BILATERAL AGREEMENTS WHICH INCORPORATED THE GOT DECREE.

5. KAYALIBAY SAID THE TRANSIT TAX WILL PROBABLY GENERATE REVENUES LIMITED OFFICIAL USE

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OF ONLY 25 TO 30 MILLION DOLLARS AND THUS WAS NOT ENACTED TO RESCUE TURKEY FROM THE FINANCIAL BRINK AS MANY LOCAL PRESS STORIES IMPLY. HE REFERRED TO A CALCULATION THAT GOT SUBSIDY OF TRANSIT FACILTITIES WILL STILL BE 98 PERCENT OF COSTS.

6. ALTHOUGH, AS REPORTED REF A, TWO AGREEMENTS FOR CREDITS TOTTALLING \$41.9 MILLION(\$11.9 FOR TWO LAKE VAN FERRIES AND \$30 FOR HIGHWAY EQUIPMENT) HAVE BEEN SIGNED BETWEEN THE TWO COUNTRIES, NOT A CENT HAS BEEN DISBURSED. KAYALIBAY SAID IT IS UP TO IRAN TO DETERMINE THE PROGRESS UNDER THE OCTOBER 1975 PROTOCOL.

7. KAYALIBAY DISCOUNTED FOR REASONS OF THIRD COUNTRIES' TRANSIT POLICIES(E.G. USSR), IRANIAN POLITICAL CONSIDERATIONS (E.G.,USSR AND IRAQ), AND CLIMATE(E.G., IRAQI HEAT AND UK-

RANIAN WINTERS) THE FOUR ALTERNATE ROUTES DISCUSSED BY
IRANIANS.
HELMS

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: TRUCKS, HIGHWAY TRANSPORTATION, TRANSPORTATION TAXES, DIPLOMATIC DISCUSSIONS
Control Number: n/a
Copy: SINGLE
Draft Date: 04 FEB 1976
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: morefirh
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976TEHRAN01166
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D760043-0375
From: TEHRAN
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t19760281/aaaactqn.tel
Line Count: 172
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION NEA
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 4
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 76 TEHRAN 187, 76 ANKARA 327, 76 ANKARA 498, 76 ANKARA 648
Review Action: RELEASED, APPROVED
Review Authority: morefirh
Review Comment: n/a
Review Content Flags:
Review Date: 09 APR 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <09 APR 2004 by CunninFX>; APPROVED <27 MAY 2004 by morefirh>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: TURKISH ROAD TRANSIT FEES AND IRANIAN-TURKISH ECONOMIC RELATIONS
TAGS: ETRD, ELTN, TU, IR
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006